

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

---

**DATE:** May 10, 2018  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 20180001-EI  
Company Name: Florida Public Utilities Company  
Company Code: EI803  
Audit Purpose: A3a: Fuel Cost Recovery Clause  
Audit Control No: 2018-019-1-3

---

Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Tallahassee District Office

### Auditor's Report

Florida Public Utilities Company  
Fuel and Purchased Power Cost Recovery Clause

**Twelve Months Ended December 31, 2017**

Docket No. 20180001-EI

Audit Control No. 2018-019-1-3

**April 27, 2018**

A handwritten signature in black ink, reading "Donna D. Brown", written over a horizontal line.

Donna D. Brown  
Audit Manager

A handwritten signature in blue ink, reading "Marisa N. Glover", written over a horizontal line.

Marisa N. Glover  
Reviewer

Table of Contents

Purpose..... 1

Objectives and Procedures ..... 2

Audit Findings

    None..... 3

Exhibit

    1: True-Up..... 4

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated January 18, 2018. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida Public Utilities Company in support of its 2017 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20180001-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definition

FPUC/Utility refers to the Florida Public Utilities Company.

FAC refers to the Fuel and Purchased Power Cost Recovery Clause.

### **Revenue**

**Objectives:** The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2017, through December 31, 2017, and whether FPUC applied the Commission approved cost recovery factor to actual KWH sales for the FAC.

**Procedures:** We computed revenues using the factors in Order No. PSC-2016-0547-FOF-EI, issued December 5, 2016 and actual KWH sales from the Fuel Revenue Reports and reconciled them to the general ledger and filing. We selected a random sample of residential and commercial customers' bills for the period and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

### **Expense**

**Objectives:** The objectives were to determine whether expenses listed on the FAC filing are supported by adequate documentation and that the expenses are appropriately recoverable through the FAC and meet the criteria in Order 14546, issued July 8, 1985. In addition, we were to determine whether the energy payments to qualifying facilities are based on the appropriate standard offer or negotiated contract rate.

**Procedures:** We traced expenses in the filing to the general ledger. We judgmentally selected a sample of 2017 expenses for testing. The source documentation for selected items was reviewed to ensure the expense was related to the FAC and that the expense was charged to the correct account. We also read the contracts with the qualifying facilities and compared the rates billed to the contracts. No exceptions were noted.

### **True-up**

**Objective:** The objective was to determine if the True-Up and Interest Provision as filed on Schedule C-1 was properly calculated.

**Procedures:** We traced the December 31, 2016, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2017, using the Commission approved beginning balance as of December 31, 2016, the Financial Commercial Paper rates, and the 2017 FAC revenues and costs. No exceptions were noted.

Audit Findings

**None**

